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UNITED STATES DEPARTMENT OF AGRICULTURE  
Agricultural Marketing Service  
Washington 25, D. C.

AMS INSTRUCTION No. 349-2

ACTION BY: All Divisions and Offices

Federal Employees' Group Life Insurance

I PURPOSE

The purpose of this Instruction is to provide general information on the group life insurance program and to outline the purpose, use, and distribution of the various forms which pertain to the administration of that program.

II DEFINITIONS

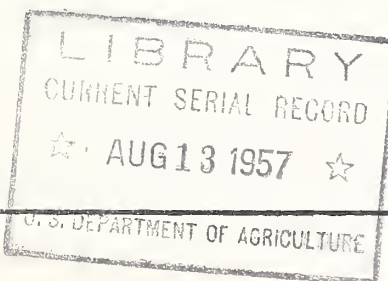
As used in this Instruction, the following terms have the meanings indicated.

A Group Life Insurance Program. The term "group life insurance program" means the program for life insurance and accidental death and dismemberment insurance as provided for in the "Federal Employees' Group Life Insurance Act of 1954."

B Personnel Office. The term "personnel office" refers to the Washington Personnel Division or the area administrative division (personnel branch), depending on which division provides personnel services for the employee concerned.

C Payroll Office. The term "payroll office" refers to the area administrative division (budget and finance branch) which payrolls the employee concerned.

D OFEGLI. Office of Federal Employees' Group Life Insurance, 330 Fourth Avenue, New York 10, N. Y., the administrative office established by the insurance companies which are underwriting the group insurance program.



DISTRIBUTION: A,M,O,R,S

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### III AMS EMPLOYEES COVERED BY GROUP INSURANCE

All employees of AMS are covered by the group life insurance program except (1) those who have filed, or may later file, a waiver of insurance coverage which remains uncanceled (See Section IV), and (2) those who are excluded by law or by regulations of the Civil Service Commission. Included in the latter group are the following:

A Noncitizen employees whose permanent duty station is located outside a State of the United States or the District of Columbia.

B Employees serving under appointments limited to one year or less.

C Seasonal or emergency employees whose employment is of uncertain or purely temporary duration, or who are employed for brief periods at intervals.<sup>1/</sup>

D Part-time, when actually-employed, or intermittent employees having no regular tour of duty.

E Employees whose salary, pay, or compensation on an annual basis is \$12 a year or less.

F Employees paid on a contract or fee basis.

G Employees paid on a piecework basis, except those whose work schedule provides for regular or full-time service.

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<sup>1/</sup> The Civil Service Commission has interpreted this exclusion as applying to "seasonal and emergency employees for whom there is no definite expectancy of substantial employment, that is, employees whose probable period of service will be less than six months each year." If at the time of appointment, it is expected that the service will be for a minimum of six months each year, year in and year out, the employee will be covered; otherwise he will not be covered. An employee once covered will remain covered until such time as it is determined that the expected employment in the future is going to be less than six months a year on a continuing basis. Conversely, an employee who is not covered will not be changed to covered unless it is determined that each year in the foreseeable future his expected employment will be six months or more.

## (III)

H Employees serving in cooperation with non-Federal agencies who are paid in whole or in part from non-Federal funds.

I Retired employees reemployed under conditions not terminating their title to annuities.

## IV WAIVER OF INSURANCE COVERAGE AND CANCELLATION OF WAIVER

A Waiver of Coverage. An employee may elect not to be covered under the group life insurance program by filing with the personnel office SF-53, Waiver of Life Insurance Coverage. (See Section XI B.) He may do this either before he enters a position in which he would otherwise be automatically covered, or at any time after he becomes insured. A properly executed waiver, filed with the employing agency remains in effect until canceled. This is true even though the employee may (1) transfer to another agency, or (2) be reappointed after a break in service to a position anywhere in the Federal service.

B Cancellation of Waiver. An employee under age 50 who has filed an SF-53, Waiver of Life Insurance Coverage, may, if he desires, request cancellation of the waiver by filing with the personnel office an SF-51, Request for Insurance. At least one year must have elapsed since the effective date of the waiver, and he must furnish satisfactory medical evidence of insurability. (See Section XI A.) An employee who is 50 years of age or over may not become insured after he has filed a waiver.

## V COVERAGE OF RETIRED EMPLOYEES

A Those Retiring for Disability or After Fifteen Years of Creditable Civilian Service. If an insured employee retires optionally or for age after having had at least 15 years of creditable civilian service, or if he retires for disability, his life insurance only (not the accidental death and dismemberment insurance) will be continued without cost to him. However, if he prefers to convert his insurance as outlined in Section VIII, he may do so. Military service performed prior to entrance into a civilian position with the Government does not count toward the required "15 years of creditable civilian service." If an employee left his civilian position to enter military service, the latter service counts toward the 15 years.

B Those Retiring Optionally or for Age With Less than Fifteen Years of Creditable Civilian Service. The insurance of an employee who has had less than 15 years of creditable civilian service, and who retires



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optionally or for age, is automatically continued for 31 days following his retirement. After that, he is not insured unless he converts to an individual policy as outlined in Section VIII.

#### VI EFFECTIVE DATES OF COVERAGE

A On Appointment or Transfer. An employee appointed or transferred to a position not excluded from insurance coverage is insured on his first day of pay status unless on or before that date he files with the personnel office a Waiver of Life Insurance Coverage, or had previously filed such a waiver which remains uncanceled.

B On Return From Non-Pay Status. An employee who returns to a pay status in a position not excluded from coverage, after a period of leave without pay which extended continuously for more than 12 months, is insured on his first day in such pay status unless on or before that date he files with the personnel office a Waiver of Life Insurance Coverage, or had previously filed such a waiver which remains uncanceled. (See Section VII B 1 b.)

C On Approval of Cancellation of Waiver. When OFEGLI approves an employee's request that his waiver of insurance coverage be canceled, the employee is insured on the first day that he is in a pay status following the date of such approval.

#### VII CESSATION OF COVERAGE

A At Employee's Request. A Waiver of Life Insurance Coverage filed by an insured employee shall be effective, and the insurance shall cease, at the end of the pay period in which the waiver is received in the personnel office.

B By Regulation.

1 Group Accidental Death and Dismemberment Insurance. An insured employee's group accidental death and dismemberment insurance stops at the end of the day:

a On which he is separated from the Department of Agriculture, including retirement for any reason. 2/

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2/ When an insured AMS employee transfers without break in service to a Federal agency outside the Department of Agriculture, the insurance carried in AMS stops, and the employee becomes eligible to convert the insurance to an individual policy. At the same time he may, if he wishes, be covered by a group policy in the other agency, provided he occupies a position which is not excluded from coverage.

(VII B 1)

b On which he completes 12 continuous months in a non-pay status. (During the preceding nonpay status, the insurance continues in force without charge to the employee and without payment by AMS of the employer's share of the premium.)

c Preceding the day on which he acquires servicemen's indemnity insurance coverage.

d Preceding the day on which he transfers to excluded employment.

## 2 Group Life Insurance.

a An employee's group life insurance stops 31 days after the date on which his accidental death and dismemberment insurance stops as specified in subparagraph 1 above, except in the case of an employee who retires for disability or after 15 years of creditable civilian service. See Section V A for further information concerning this exception.

b An employee whose group life insurance is to be terminated (except by waiver) is privileged to convert to an individual policy as outlined in Section VIII.

## VIII CONVERSION TO INDIVIDUAL POLICY

A Conversion Privilege. An employee whose group insurance stops (except by waiver) may purchase an individual policy of life insurance without medical examination. The policy will be issued by whichever eligible insurance company is selected by the employee. The policy, at the employee's option, may be in an amount equal to or less than his group life insurance. It may be in any form customarily issued by the insurance company, except term insurance, but without disability or accidental death or dismemberment benefits. The employee will pay the regular premium applicable to his age and class of risk. Any insurance policy purchased by an employee under the conversion privilege is a private business transaction between him and the company from which he purchases it.

B Time Limit on Filing Request for Conversion. An employee who wishes to convert to an individual policy must send SF-56, Agency Certification of Insurance Status (See Section XI E ) to OFEGLI within 31 days

(VIII B)

after his group insurance stops, or within 15 days after he is notified of his conversion privilege, whichever basis gives him the most time. His group life insurance coverage is extended for 31 days after termination of his status as an insured employee. To have continuous insurance coverage, therefore, the employee must actually apply for the insurance policy and pay the first premium to the insurance company within the 31-day temporary extension period.

IX AMOUNT OF INSURANCE

A Life Insurance.

1 Employees Under Age 65.

a Full-Time Employees. The amount of life insurance for a full-time employee under age 65 is equal to the current rate of his annual salary if a multiple of \$1000, otherwise to the next \$1000, but not exceeding \$20,000. Example: Current rate of annual salary, \$7040; amount of insurance \$8000.

b Part-Time, WAE, and Intermittent Employees With Regular Tours of Duty. The amount of insurance for part-time, WAE, and intermittent employees with regular tours of duty will be determined on a pro-rata basis. Example: An employee works regularly two days a week. He may or may not occasionally work on other days of the week. The amount of insurance will be determined by taking  $2/5$  (2 regular days out of 5) of the annual salary rate and raising that amount to the next \$1000. Suppose, for example, the annual salary rate of his position on a full-time basis is \$3175.  $2/5$  of \$3175 equals \$1270 which raised to the next \$1000 results in insurance of \$2000.

2 Employees Age 65 and Over.

a Employees Who Reach Age 65 While Insured. When an insured employee reaches age 65, the amount of his insurance is reduced at the rate of 2 percent at the end of each month until it reaches 25 percent of the amount of insurance in force at age 65. It continues at that 25 percent level until his death. The reduction is effective at midnight of the last day of each calendar month. The first reduction is made at the end of the calendar month that follows the calendar month in which the 65th birthday falls. Changes in salary which occur after age 65 do not change the amount of insurance.



## (IX A 2)

b Employees Who Become Insured After Age 65. If an employee becomes insured after age 65, the amount of his insurance is based on his annual compensation at the time he becomes insured, or on the annual compensation he was receiving at age 65 if he was insured under the program at that age, whichever is less. The amount so determined is subject to the reduction of 2 percent a month for each month the employee is over age 65, the reduction not to exceed 75 percent.

(1) Example: At age 65 an employee was receiving compensation of \$5800 per annum and was insured for \$6000. He leaves the service by resignation at age 66. He is reemployed a year later at an annual compensation of \$6200. The amount of his insurance will be \$6000 (\$5800 raised to the next \$1000) less 2 percent for each month he is over age 65. Had he been reemployed at an annual compensation of \$4500 his insurance would have been \$5000 less 2 percent for each month over age 65. In either case, the insurance will continue to reduce at the rate of 2 percent a month until it reaches 25 percent of the basic amount.

(2) Example: A person is employed at some time after having reached age 65 at compensation of \$6200 per annum. He had not been covered by Federal group insurance at age 65. The amount of his insurance is \$7000 less 2 percent for each month over age 65, the reduction not to exceed 75 percent.

3 Retired Employees.

a If the employee retires before reaching age 65, his insurance continues until age 65 in the same amount as it was immediately before retirement. When he reaches age 65 the amount is reduced as indicated in Section IX A 2 a. Example: An employee retires at age 60. His salary at the time of retirement was \$5810, and the amount of insurance was \$6000. After retirement, the insurance continues at \$6000 until he reaches age 65. It is then reduced at 2 percent a month until it reaches \$1500. It will remain at \$1500 until his death.

b If the employee retires after reaching age 65, his insurance will be the same as if he had continued in the service. Example: Just prior to reaching age 65, an employee's compensation is \$6700 per annum. His insurance at that time is \$7000. At age 65 this amount starts reducing at the rate of 2 percent a month. He retires at age 67. By then his insurance has been reduced to \$3640. It will continue to reduce until it reaches \$1750 (25 percent of \$7000). It will remain at \$1750 until his death.

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B Accidental Death and Dismemberment Insurance. Subparagraphs 1 and 2 below do not apply to employees who retire for disability or after at least 15 years of creditable civilian service. This is because accidental death and dismemberment insurance ceases on the date such an employee retires.

1 Accidental Death Insurance. The amount of accidental death insurance for an employee entitled thereto shall be equal to the amount of his life insurance on the date the accident occurs. This benefit is payable in addition to the regular death benefit, provided death occurs within 90 days of the date of the accident and as a direct result thereof.

2 Dismemberment Insurance. The amount of accidental dismemberment insurance payable under various conditions is stated in the certificate of insurance coverage (Form G. 3385) which is given to every insured employee.

C Effective Date of Change in Insurance Amount Caused by Change in Salary. When the amount of insurance changes because of a change in salary, the new amount of insurance goes into effect on the effective date of the salary change, or on the date of the personnel action which effected the salary change, whichever is later.

X WITHHOLDINGS AND CONTRIBUTIONS

A Withholdings. During any pay period in any part of which an insured employee under age 65 is in a pay status, there is withheld from his pay the sum of 25¢ for each \$1000 of his insurance. If the amount of insurance changes during a pay period, the deduction is based on the amount in force at the end of the period. Deductions cease at the end of the pay period immediately preceding the pay period in which an insured employee reaches his 65th birthday. From that time on, the employee is insured without cost to him or to his agency.

B Contributions. For each pay period in which an employee is insured, there is contributed, from the appropriation or fund which is used to pay him, an amount equal to one-half the amount withheld from his pay.

XI INSURANCE FORMS, USE, AND ROUTING

The following forms have been prescribed by the Civil Service Commission for use in connection with the administration of the group life insurance program. An employee may obtain any insurance form that he needs from the personnel office upon request.

(XI)

A SF-51 - Request for Insurance.

1 Purpose. This form is designed for the use of an employee under age 50 who wishes to cancel a previously filed SF-53, Waiver of Life Insurance Coverage. The form is a combination request, medical certificate, and authorization to insure.

2 Procedure. The employee signs the request portion and his personal physician completes the medical certificate. (The employee must pay any fee for the medical examination and certification.) The employee submits the completed form to the personnel office, which in turn forwards it to OFEGLI. That office will either authorize insurance coverage or deny such coverage and so inform the personnel office. In either case, the personnel office will notify the employee of the result.

B SF-53 - Waiver of Life Insurance Coverage.

1 Purpose. This form is to be used when an employee wishes to waive coverage under the group life insurance plan.

2 Action by Employee. After the employee has completed the SF-53 and had it signed by two witnesses, he should take or send it to the personnel office.

3 Action by Personnel Office. On receipt of the SF-53 from the employee, the personnel office shall (1) enter the date of receipt in the box provided in the upper right-hand corner of the form, (2) notify the payroll office by memorandum that the employee has waived coverage, indicating the date the waiver was received, and (3) immediately file the SF-53 in the employee's official personnel folder.

4 Action by Payroll Office. The payroll office on receipt of the memorandum from the personnel office shall make proper adjustment of the payroll records, and discontinue the employee's premium deductions as prescribed by the regulations.

C SF-54 - Designation of Beneficiary - Federal Employees' Group Life Insurance Act of 1954. See AMS Instruction No. 349-1, Designation of Beneficiary for Group Insurance, for instructions concerning the use of this form.



(XI)

D SF-55 - Notice of Conversion Privilege.

1 Purpose. SF-55 is designed to give required official notice to an insured employee whose insurance is to be terminated (except by waiver) that he is entitled to convert to an individual policy. The form also instructs the employee how to proceed if he wishes to convert his insurance.

2 Action by Personnel Office. When an employee's insurance is terminated (except by waiver), the personnel office shall (1) prepare an SF-55 in duplicate, (2) mail the original copy to the employee, and (3) file the carbon copy in the employee's official personnel folder. These steps shall be taken as soon as the separation or other action listed in Section VII B has taken place.

3 Action by Employee. If the employee wishes to convert his insurance to an individual policy, he should immediately request the personnel office to send him a certification of his insurance status.

E SF-56 - Agency Certification of Insurance Status.

1 Purpose. This form provides certification of an employee's insurance status and related information. It is used (1) at the time an insured employee dies, or retires either for disability or after 15 years of creditable civilian service, and (2) when an employee requests agency certification of his insurance status in order to convert insurance which has terminated for some reason other than his waiver of coverage.

2 Action by Personnel Office.

a Completion of SF-56. In any of the circumstances cited in the preceding paragraph, the personnel office shall (1) contact the payroll office to make sure that the records of that office show that the employee has been covered and that deductions have been taken, (2) prepare the SF-56 in triplicate, (3) file the triplicate copy in the employee's official personnel folder, and (4) dispose of the other two copies as indicated in subparagraph b below. Prompt action by the personnel office is essential.

b Disposition of Original and Duplicate of SF-56. The following disposition of the original and duplicate of the SF-56 shall be made in the circumstances listed below.



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(1) Death of Employee. Send duplicate copy to the Office of Federal Employees' Group Life Insurance. Keep the original in the official personnel folder for attachment to a claim for death benefits (Form FE-6) when received. If no claim is received, send the original, upon request, to the Office of Federal Employees' Group Life Insurance.

(2) Retirement of Employee for Disability or After 15 Years of Creditable Civilian Service. Determine whether the employee wishes his group insurance continued as that of a retired employee or whether he wishes to convert to an individual policy. If the former, attach the original SF-56 to the application for retirement and give or send the duplicate copy to the employee; if the latter, give or send the employee both the original and the duplicate copy.

(3) When Employee Has Requested Certification of His Insurance Status. Send the original and the duplicate copy of the SF-56 to the employee.

F Form FE-6 - Claim for Death Benefits.

1 Purpose. This form is designed for the use of all claimants for death benefits under the group life insurance plan.

2 Action by Claimant. The claimant of a deceased employee's insurance should obtain the FE-6 from the personnel office of the deceased. If the deceased was retired at the time of death, the form should be obtained from the personnel office of the department or agency where he had last been employed or from the Civil Service Commission, Retirement Division. Full instructions to the claimant on completing and filing Form FE-6 are given on the sheet attached to the form.

3 Action by Personnel Office. The personnel office shall assist the insured's beneficiary or next of kin in properly executing the FE-6. In addition the personnel office shall proceed as follows:

a If the deceased was retired at the time of death, instruct the claimant to send the claim to the Retirement Division, Civil Service Commission, Washington 25, D. C.

b If the deceased was on the rolls of AMS at the time of death, follow the "Instructions to Employing Agency" which appear on the sheet attached to the form.

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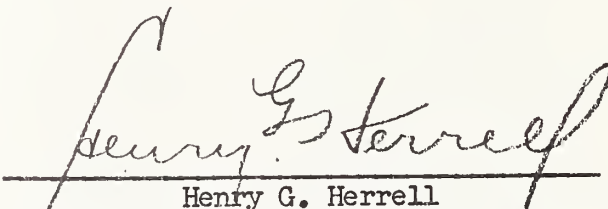
G Form FE-7 - Claim for Accidental Dismemberment Benefits. This form is intended for the use of the insured employee in making a claim for benefits payable for accidental dismemberment under the group life insurance plan. The form will not be distributed in quantity to agencies. It may be obtained as needed by contacting the U. S. Civil Service Commission, Washington 25, D. C., or the Office of Federal Employees' Group Life Insurance, 330 Fourth Avenue, New York 10, N. Y.

H Form G. 3385 - Certificate of Group Insurance.

1 Purpose. This form summarizes for the insured employee the important provisions of the Group Policy. It sets forth the terms under which the employee is insured and the benefits payable. It is NOT a contract of insurance.

2 Action by Personnel Office. The personnel office shall prepare a Form G. 3385 and give it to an employee when he becomes covered by the group insurance plan.

3 Action by Employees and Claimants. The Certificate should be filed with the insured employee's important papers and documents. At the time of his death it should be surrendered by the claimant when filing Form FE-6, Claim for Death Benefits.

  
Henry G. Herrell  
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